



Office of Advocacy

1999 SMALL BUSINESS PROFILE: DELAWARE

By any measure, small businesses are critical to the economic well-being of Delaware. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 23,500 businesses with employees, of which approximately 94 percent were small businesses (fewer than 500 employees). The number of small businesses with employees decreased by 2.4 percent from 24,100 in 1997. There were 23,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 46,500. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 9,000 self-employed women in 1998, representing 39.1 percent of total self-employment in the state. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 3,301 minority-owned businesses in 1992, including 2,060 Black-owned businesses; 497 Hispanic-owned firms; and 809 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group.) Of these businesses, 657 had employees, with employment totaling 5,400. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 3,300 new employer firms were formed, 4.6 percent fewer than the number formed in 1997. There were 2,800 business terminations in 1998, a 26.9 percent decrease from 1997. Business bankruptcies totaled 400 in 1998, a 73.8 percent increase from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 154,600 employees, or 46.4 percent of the state's 333,000 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: construction; services; transportation, communication, and utilities (see Table 1). Small businesses added a net total of 6,100 employees 1995 and 1996, accounting for 76.9 percent of the total private non-farm employment growth in the state (see Table 2). The industries with the greatest percentage increases in employment among small businesses were: holding and other investment offices; membership organizations; and auto repair, services, and parking (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of Advocacy by Cognetics, Inc., non-farm businesses added 33,800 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because firms may operate as sole proprietorships, partnerships, or corporations. A partial measure — non-farm proprietors' income — totaled \$2.0 billion in 1998, an increase of 5.1 percent from \$1.9 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 34 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (ACE-Net). For more information, visit www.ace-net.org

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Firm Size by Number of Employees</i>			<i>< 500 as Percent of Industry Total</i>
	<i>Total</i>	<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	333.0	58.7	154.6	46.4
Agricultural services	1.9	*	*	*
Mining	*	*	*	*
Construction	17.5	8.0	17.2	97.9
Manufacturing	65.4	2.4	12.4	18.9
Transportation, communication, and utilities	13.9	*	8.1	57.8
Wholesale trade	16.9	3.4	8.9	52.3
Retail trade	67.1	14.3	37.0	55.2
Finance, insurance, and real estate	48.5	4.7	9.6	19.9
Services	101.5	22.4	59.6	58.7
Unclassified	*	*	*	*

* Data not available due to disclosure restrictions.

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Total</i>	<i>Firm Size</i>	
		<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	21.2	5.0	11.7
Expanding establishments	30.5	8.3	18.4
Losses:			
Downsized establishments	(30.1)	(6.0)	(15.5)
Closed establishments	<u>(13.7)</u>	<u>(4.5)</u>	<u>(8.6)</u>
Net change in employment	7.9	2.8	6.1

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		154.6	1.9	1.2
Holding and other investment offices	6700	2.7	0.7	36.0
Membership organizations	8600	6.3	0.5	9.1
Auto repair, services, and parking	7500	2.5	0.2	6.4
Health services	8000	11.8	0.6	5.2
Fabricated metal products	3400	2.0	0.1	5.0

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
Bank of Delmar, N.A.	Seaford
Christiana Bank and Trust Company	Greenville
Citibank Delaware	New Castle
County Bank	Rehoboth Beach

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lending/inus2.html.